

WILKES-BARRE/SCRANTON
INTERNATIONAL AIRPORT

PASSENGER FACILITY CHARGE PROGRAM

YEAR ENDED
DECEMBER 31, 2022

WILKES-BARRE/SCRANTON INTERNATIONAL AIRPORT

TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2022

	<u>PAGE</u>
Schedule of Passenger Facility Charge Receipts, Disbursements and Changes in Cash Balances	1
Schedule of PFC Status Report	2 - 4
Notes to Passenger Facility Charge Program Schedules	5
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	6 - 7
Independent Auditors' Report on Compliance with Requirements Applicable to the Passenger Facility Charge Program and on Internal Control over Compliance in accordance with the Passenger Facility Charge Audit Guide for Public Agencies	8 - 11
Schedule of Findings and Questioned Costs	12
Summary Schedule of Prior Findings	13
Corrective Action Plan	14

WILKES-BARRE/SCRANTON INTERNATIONAL AIRPORT

**PASSENGER FACILITY CHARGE PROGRAM
SCHEDULE OF PASSENGER FACILITY CHARGE RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
YEAR ENDED DECEMBER 31, 2022**

	<u>QUARTER ENDED</u>				<u>YEAR</u>	<u>PROGRAM</u>
	<u>March 31,</u> <u>2022</u>	<u>June 30,</u> <u>2022</u>	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2022</u>	<u>ENDED</u> <u>December 31,</u> <u>2022</u>	<u>TOTAL</u> <u>December 31, 2022</u> <u>(Unaudited)</u>
BEGINNING CASH BALANCE	\$ 2,052,710	\$ 2,212,792	\$ 1,668,268	\$ 1,884,559	\$ 2,052,710	\$ -
COLLECTIONS:						
Passenger facility charges	169,182	221,958	215,207	208,999	815,346	23,852,871
Interest Income	1,316	1,156	1,116	2,625	6,213	766,478
Reimbursement of prior administrative charges	-	-	-	-	-	18,658
Total Collections	<u>170,498</u>	<u>223,114</u>	<u>216,323</u>	<u>211,624</u>	<u>821,559</u>	<u>24,638,007</u>
EXPENDITURES:						
Equipment/project expenses	-	(750,100)	-	-	(750,100)	(22,523,166)
Reporting errors	(10,416)	(17,538)	(32)	-	(27,986)	(18,658)
Total Expenditures	<u>(10,416)</u>	<u>(767,638)</u>	<u>(32)</u>	<u>-</u>	<u>(778,086)</u>	<u>(22,541,824)</u>
ENDING CASH BALANCE	<u>\$ 2,212,792</u>	<u>\$ 1,668,268</u>	<u>\$ 1,884,559</u>	<u>\$ 2,096,183</u>	<u>\$ 2,096,183</u>	<u>\$ 2,096,183</u>

The accompanying notes are an integral part of this schedule.

WILKES-BARRE/SCRANTON INTERNATIONAL AIRPORT

**SCHEDULE OF PFC STATUS REPORT
YEAR ENDED DECEMBER 31, 2022**

<u>PFC Project Number</u>	<u>Application</u>	<u>Authority to Impose</u>	<u>Use</u>	<u>Expended in 2022</u>	<u>Expended to Date (Unaudited)</u>	<u>Project Status</u>
Projects approved for authority to impose and use a PFC at AVP at the \$4.50 level:						
1	Replace terminal public address system	\$ 69,000	\$ 69,000	\$ -	\$ 69,000	Completed
2	Replace flight information display system	302,000	302,000	-	302,000	Completed
3	Update airport master plan	130,232	130,232	-	68,478	Approved
4	Remove obstructions - trees	150,000	150,000	-	-	Approved
5	Purchase video surveillance system	153,008	153,008	-	147,436	Completed
6	Emergency alert system	22,900	22,900	-	22,900	Completed
7	Rehabilitate taxiways B&D (west)	554,921	554,921	-	502,253	Approved
8	Conduct wildlife hazard assessment	78,500	78,500	-	51,202	Approved
9	Acquire airport rescue and firefighting protective gear	17,000	17,000	-	17,000	Completed
10	Update airfield lighting computers and digitracs	75,000	75,000	-	70,716	Approved
11	Update access control system	307,297	307,297	-	307,297	Completed
		<u>\$ 1,859,858</u>	<u>\$ 1,859,858</u>	<u>\$ -</u>	<u>\$ 1,558,282</u>	

Application Number:
17-12-C-04-AVP

The accompanying notes are an integral part of this schedule.

WILKES-BARRE/SCRANTON INTERNATIONAL AIRPORT

**SCHEDULE OF PFC STATUS REPORT (CONT'D)
YEAR ENDED DECEMBER 31, 2022**

<u>PFC Project Number</u>	<u>Application</u>	<u>Authority to</u>		<u>Expended in 2022</u>	<u>Expended to Date (Unaudited)</u>	<u>Project Status</u>
		<u>Impose</u>	<u>Use</u>			
Projects approved for authority to impose and use a PFC at AVP at the \$4.50 level:						
1	Acquire aircraft rescue and firefighting vehicle	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000	Approved
2	Acquire security vehicle/radio equipment	50,000	50,000	-	37,414	Approved
3	Extend Taxiway B - construct (RWY 4 approach end)	529,900	529,900	100	25,560	Approved
		<u>\$ 1,329,900</u>	<u>\$ 1,329,900</u>	<u>\$ 750,100</u>	<u>\$ 812,974</u>	

Application Number:
21-14-U-00-AVP

<u>PFC Project Number</u>	<u>Application</u>	<u>Authority to</u>		<u>Expended in 2022</u>	<u>Expended to Date (Unaudited)</u>	<u>Project Status</u>
		<u>Impose</u>	<u>Use</u>			
1	Rehabilitation of terminal apron	\$ 1,000,000	\$ 1,000,000	\$ -	\$ -	Approved

Application Number:
21-15-U-00-AVP

The accompanying notes are an integral part of this schedule.

WILKES-BARRE/SCRANTON INTERNATIONAL AIRPORT

**SCHEDULE OF PFC STATUS REPORT (CONT'D)
YEAR ENDED DECEMBER 31, 2022**

PFC Project Number	Application	Authority to		Expended in 2022	Expended to Date (Unaudited)	Project Status
		Impose	Use			
Projects approved for authority to impose and use a PFC at AVP at the \$4.50 level:						
1	Acquire snow removal equipment	\$ 1,635,000	\$ 1,635,000	\$ -	\$ 652,540	Approved
2	Rehabilitate road (Loop Road)	1,600,000	1,600,000	-	6,627	Approved
3	Extend Taxiway B (RWY 22 end)	450,000	450,000	-	-	Approved
4	Extend Taxiway B-EA/preliminary design (RWY 4 approach end)	20,925	20,925	-	-	Approved
5	Security enhancements - update background checking and security identification of equipment	18,000	18,000	-	15,140	Completed
6	PFC administrative reimbursement	36,000	36,000	-	-	Approved
7	Rehabilitate taxiway D (east)	156,250	156,250	-	139,396	Approved
8	PFC program audit reimbursement	35,000	35,000	-	31,000	Approved
		<u>\$ 3,951,175</u>	<u>\$ 3,951,175</u>	<u>\$ -</u>	<u>\$ 844,703</u>	

Application Number:
18-13-C-00-AVP

The accompanying notes are an integral part of this schedule.

WILKES-BARRE/SCRANTON INTERNATIONAL AIRPORT

**NOTES TO PASSENGER FACILITY CHARGE PROGRAM SCHEDULES
DECEMBER 31, 2022**

NOTE 1: DESCRIPTION OF PASSENGER FACILITY CHARGE PROGRAM

The accompanying schedule of passenger facility charge receipts, disbursements and changes in cash balances and the schedule of PFC status report for the year ended December 31, 2022 (the "PFC Schedules") include the Passenger Facility Charge ("PFC") activity of the Wilkes Barre/Scranton International Airport ("AVP"). The information in these schedules is presented in accordance with the requirements of 14 Code of Federal Regulations Part 158.67 and the *Passenger Facility Charge Audit Guide for Public Agencies* (the "Guide") issued by the Federal Aviation Administration. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 2: BASIS OF ACCOUNTING

The accompanying PFC Schedules are prepared on the cash basis of accounting, wherein revenues are recorded when received and PFC funds expended are recorded upon designation as PFC eligible expenditures. Amounts reported in the accompanying schedules agree with the amounts reported in the quarterly report of funds collected and expended.

KOHANSKI

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Joint Board of Control of
Wilkes-Barre/Scranton International Airport:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Wilkes-Barre/Scranton International Airport, as of and for the year ended December 31, 2022, and the related notes to the financial statements, and have issued our report thereon dated May 25, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered AVP's internal control over financial reporting ("internal control") as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of AVP's internal control. Accordingly, we do not express an opinion on the effectiveness of AVP's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

CERTIFIED PUBLIC ACCOUNTANTS

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the AVP's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the AVP's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the AVP's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kohanski & Co., PC

Scranton, PA
May 25, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE PASSENGER FACILITY CHARGE PROGRAM AND REPORT
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE
PASSENGER FACILITY CHARGE AUDIT GUIDE FOR PUBLIC AGENCIES**

To the Joint Board of Control of
Wilkes-Barre/Scranton International Airport:

Report on Compliance for Passenger Facility Charge Program

Opinion on Passenger Facility Charge Program

We have audited Wilkes-Barre/Scranton International Airport's ("AVP") compliance with the types of compliance requirements identified as subject to audit in the Passenger Facility Charge Audit Guide for Public Agencies issued by the Federal Aviation Administration (the "Guide") that could have a direct and material effect on AVP's Passenger Facility Charge ("PFC") Program for the year ended December 31, 2022.

In our opinion, AVP complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the PFC program for the year ended December 31, 2022.

Basis for Opinion on Passenger Facility Charge Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of the Guide. Our responsibilities under those standards and the Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of AVP and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the PFC program. Our audit does not provide a legal determination of AVP's compliance with the compliance requirements referred to above.

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to AVP's PFC program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on AVP's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about AVP's compliance with the requirements of the PFC program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding AVP's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of AVP's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of AVP's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Guide and which is described in the accompanying schedule of findings and questioned costs as item 2022-001. Our opinion on AVP's compliance with the requirements of the Guide is not modified with respect to this matter. *Government Auditing Standards* require the auditor to perform limited procedures on AVP's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. AVP's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. *Government Auditing Standards* requires the auditor to perform limited procedures on AVP's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. AVP's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Schedule of Passenger Facility Charge Receipts, Disbursements, and Changes in Cash Balances and Schedule of PFC Status Report

We have audited the financial statements of AVP as of and for the year ended December 31, 2022, and have issued our report thereon dated May 25, 2023 which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of passenger facility charge receipts, disbursements, and changes in cash balances and schedule of PFC status report are presented for purposes of additional analysis as required by the Guide and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of passenger facility charge receipts, disbursements, and changes in cash balances, is fairly stated in all material respects in relation to the financial statements as a whole. However, due to errors found on prior year audits, we were unable to form an opinion on the program totals reported on the schedule of passenger facility charge receipts, disbursements, and changes in cash balances and the expended to date amounts reported on the schedule of PFC status report. The amounts were unaudited.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.

Kohanski & Co., PC

Scranton, PA
May 25, 2023

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2022**

FINDING 2022-001: ALLOWABLE COSTS

Criteria: The Passenger Facility Charge Audit Guide for Public Agencies states that PFC funds collected must be used only for approved projects.

Condition: AVP transferred \$27,986 from the PFC account in error.

Cause: Lack of review procedures in internal controls over the PFC program prevented AVP from properly identifying the errors and correcting them in a timely manner.

Effect: There is an increased risk of noncompliance including the risk that the PFC program funds may be used for unallowed or ineligible costs.

Recommendation: Internal controls over compliance and PFC program funds should be developed which include review and approvals by an individual familiar with the PFC program requirements.

View of Responsible Officials: See accompanying corrective action plan.

**SUMMARY SCHEDULE OF PRIOR FINDINGS
YEAR ENDED DECEMBER 31, 2022**

FINDING 2021-001: ALLOWABLE COSTS

Condition: AVP charged \$14,396 more than allowed for one approved project.

Effect: There is an increased risk of noncompliance including the risk that the PFC program funds may be used for unallowed or ineligible costs.

Recommendation: Internal controls over compliance should be developed which include review and approvals by an individual familiar with the PFC program requirements.

View of Responsible Officials: See accompanying corrective action plan.

Auditor's 2022 Status: Finding remains as stated. See current year finding 2022-001.

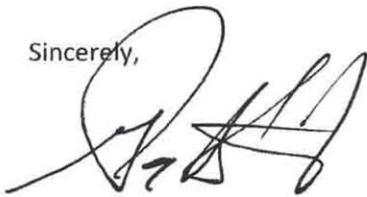
Kohanski & Company, P.C.
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RE: 2022 -001: ALLOWABLE COSTS

2020-002. . . . ALLOW ABLE COSTS

We agree with the auditors comments, and the following action will be taken to improve the situation. We have designated an individual to be in charge of and oversee all draws for PFC, Gary Borthwick whom is the airport Assistant Director who will oversee the tracking and preparing of expenditures or PFC PROJECTS along the with Stephen Mykulen. In addition, we are continuing to retain Rainey & Rainey CPA's to do quarterly reviews to ensure tracking is clone properly to avoid over drawing in the future. In addition, we have corrected the issues with Harrisburg Area District Office liaison Lori Langer and in SOAR. She considers the matter closed and corrected. We received the increase that was requested in regards to the over draw and now are in compliance.

Sincerely,



Gary Borthwick
Assistant Directro

Cc: Carl Beardsley Jr.
Executive Director

